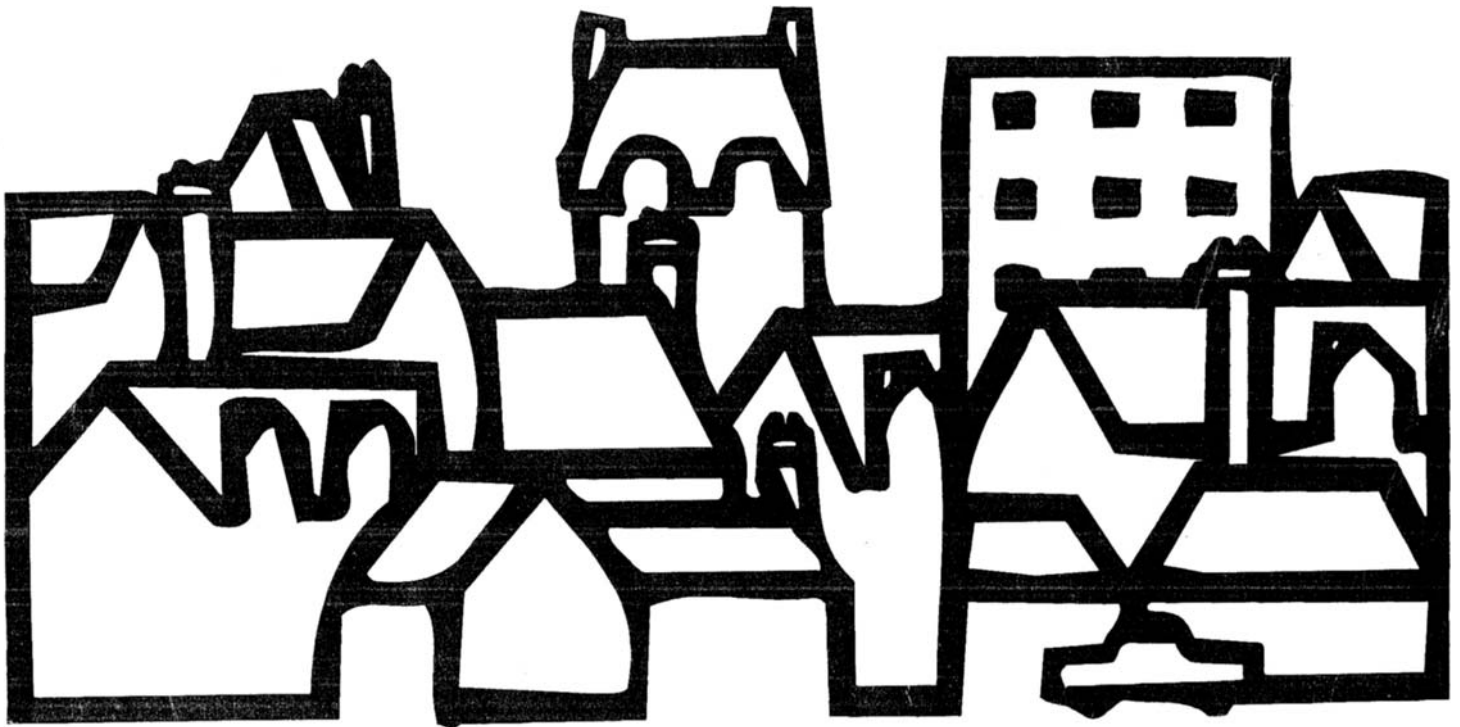**U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**
Office of Community Planning and Development
Community Development Block Grant Program

Training CDBG Subrecipients in Administrative Systems

March 2005

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U.S. Department of Housing and Urban Development
Office of Community Planning and Development
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INTRODUCTION

This guide presents **training materials** developed in conjunction with the self-instructional manual Playing by the Rules: A Handbook For CDBG Subrecipients on Administrative Systems. The materials are intended to be used in tandem by entitlement grantees in the Community Development Block Grant program to provide training to their subrecipients on the basic administrative requirements. These publications have been prepared in conjunction with a guidebook on subrecipient management called Managing CDBG: A Guidebook for Grantees on Subrecipient Oversight. Together they are a valuable resource for grantees in the training, management, and monitoring of subrecipients. All three publications are available from the CPD library on the HUD Web site at http://www.hud.gov/offices/cpd/communitydevelopment/library/index.cfm. The HUD regulations and Office of Management and Budget (OMB) Circulars referenced herein are also available on the Web at http://www.hudclips.org/cgi/index.cgi.

The basic training framework envisions a 2-day course on subrecipient administrative systems. The training materials are divided into four sections:

- Overview of Training Objectives and Methods

- The Training Agenda

- Outline of Trainer Presentations

- Participant Exercises to Test Comprehension

These materials are provided *only as a guide for training,* in recognition of the fact that grantee use of subrecipients varies widely, and that the nature and incidence of problems in the administration of CDBG-funded activities by subrecipients are also highly variable. It is expected that grantees will want to adapt these materials to the particular needs of their subrecipients. Playing by the Rules and the training materials in these guide may also be useful for training other organizations in the use of Federal funds, such as non-profit Community Housing Development Organizations (CHDOs) under the HOME program.

The training materials here parallel the text of Playing by the Rules. That handbook was originally prepared in 1993 after an extensive survey of 107 CDBG grantees and 60 subrecipients revealed a broad range of problems with subrecipient administrative systems and a frequent lack of awareness on the part of subrecipients about the basic Federal requirements regarding the use of CDBG funds. The handbook was further refined based on results of a subsequent training program for CDBG grantees conducted in 15 cities and attended by over 1,270 community development practitioners throughout the United States.

This guide had not been updated since 1993. The current revision, among other things, reflects the incorporation of OMB Circulars A-102 and A-110 into the HUD Common Rule at 24 CFR Parts 84 and 85, as well as changes to the CDBG regulations made between 1993 and 2003.

Experience has shown that activities undertaken by subrecipients are still potentially high risk. Many subrecipients have excellent intentions but use volunteers or inexperienced staff who don't know Federal requirements. In our efforts to promote timely expenditure of CDBG funds, we also found that delays in subrecipient activities were a cause for grantee failure to comply with the timeliness requirements at 24 CFR 570.902.

Over 10 years have passed since CPD first issued <u>Playing by the Rules</u> and its companion piece, <u>A Training Guide</u>. This material is now being updated because in the intervening years some administrative requirements have changed, grantees and subrecipients have experienced staff turnover, and new subrecipients are participating in the program. It is again time to focus grantee attention on their responsibilities to train subrecipients in the rules of the game. Since these publications are on the HUD Web site, it has been made easier for grantees to distribute materials and to conduct this training. Furthermore, the sound management practices advocated in these publications will also help subrecipients meet the performance measures for program implementation. Such actions will result in improved delivery of CDBG activities to the low-and moderate-income residents of the community.

CHAPTER 1.0: OVERVIEW OF TRAINING

The following sections describe:

- Overall training objectives and the key themes;

- Training format and assumptions;

- Adaptations of training methods for local requirements;

- Use of the subrecipient handbook <u>Playing by the Rules</u>;

- Use of trainer presentation outlines; and

- Use of exercises to test comprehension.

1.1   Training Objectives and Key Themes

The overall goal of training with this material is to help Community Development Block Grant Entitlement subrecipients understand the Federal administrative requirements for using CDBG funds, and through this understanding, to help them improve their performance with respect to program objectives, permitted activities, and implementation procedures. The basic framework envisions a 2-day training program designed to achieve four objectives:

- To train subrecipients in the *topics and materials addressed in the handbook*, <u>Playing by the Rules</u>, in order to increase compliance and enhance performance.

- To stimulate *dialogue and shared responsibility* among grantees and subrecipients with respect to administrative systems and procedures required for CDBG-funded activities.

- To use the training as a vehicle *for identifying and resolving key subrecipient administrative issues* and for securing feedback from participants on those issues.

- To motivate participants to use the *handbook as a problem-solving tool* in the future.

There are four important points that should be emphasized during your training program for subrecipients. First, **grantees and subrecipients share joint responsibility** for carrying out permitted activities in conformance with applicable Federal requirements. Grantees and subrecipients are partners. Both partners must accept the fact that there is no such thing as a "free lunch." In return for Federal funding, grantees and subrecipients agree to comply with the laws and regulations governing the use of those funds. A central principle is that most of the Federal requirements imposed on the grantee are passed along to their subrecipients. As more

experienced grantees and subrecipients can attest, the more an agency knows about the rules, the more efficient it can be in designing and conducting its activities. Playing by the rules does not detract from performance; it enhances it (and enables the agency to continue receiving CDBG funds).

A second theme is that **regulatory compliance and performance go hand-in-hand.** Performance measurement is an effective management technique that enables grantees to analyze the benefits of their investments. It is a mechanism that tracks the progression of projects and evaluates overall program effectiveness. The CDBG program requires that each grantee submit a performance and evaluation report concerning the use of CDBG funds together with an assessment of the relationship of the use of funds to the objectives identified in the grantee's Consolidated Plan. Subrecipients should also establish goals and measure their performance in a manner consistent with the grantee's performance measurement system.

Third, the cardinal rule in using Federal funds is **documentation.** The achievement of program goals and the completion of activities must be supported by adequate documentation of the facts. If an agency's activities, personnel, procedures, expenditures and results are not properly documented, from the Federal Government's perspective, they (and their grantees) have not done their job, regardless of program accomplishments. Complete records, and accurate and timely reporting, are the lifeblood of all successful CDBG programs.

Finally, successful CDBG programs depend upon the commitment of grantees and subrecipients to **effective management practices.** These include: (1) supporting cooperative, problem-solving relationships among HUD, grantees, and subrecipients; (2) working toward continuous improvement in both regulatory compliance and timely program performance; (3) maintaining open and frequent communications among all participants; and (4) focusing on preventing problems first, rather than curing them later. Such a commitment to effective management will assure that the "minimum requirements" specified in the handbook and the training do not become "maximums" for either grantees or subrecipients.

1.2   Training Format and Assumptions

The handbook Playing by the Rules presents a "soup-to-nuts" summary of the principal administrative requirements for subrecipients in the CDBG Entitlement program. ***The handbook provides the central curriculum for the training.*** As a result, the training agenda outlined in the following chapter calls for a 2-day series of eight training modules, each keyed to specific parts of the handbook. Each training module should last 60-90 minutes, centering around trainer presentations of the core curriculum. Since the eight training modules are self-contained, there is no reason why they could not be adapted to a series of weekly seminars featuring the same content, but spread out over a longer period of time. The modules could also be easily coupled with other CDBG related training, for example, on national objectives or the lead-based paint requirements.

The training agenda is based upon the following assumptions:

- A single grantee will invite 20 subrecipient organizations, on average, to the training, each of whom could be represented by up to 2 participants; actual attendance might be about 60 percent, i.e., 24 people on average.

- Trainers will be experienced staff from the grantee's organization who have both detailed technical knowledge of the curriculum material, as well as strong, interpersonal training skills.

- Most of the training participants will represent non-profit organizations receiving less than $100,000 in grants per year; a quarter of them will be governmental subrecipients; there will be very few for-profit organizations.

- Few participants will have detailed knowledge of the administrative requirements in Subparts J and K of 24 CFR Part 570 or significant experience with other administrative regulations (e.g., 24 CFR Parts 84 or 85, OMB and Treasury circulars, etc.)

- The training format must be flexible and readily adaptable, both in terms of the number of people to be trained and in terms of the level of detail addressed in specific content areas.

- Grantees and/or the trainers themselves will adapt the substantive materials and the training method to their own requirements.

It is also assumed that participants will use the handbook throughout the training as the central reference tool (along with the regulations themselves) to address issues raised in the training modules and exercises.

1.3   Adaptations of Training Methods for Local Requirements

Because it is assumed that a majority of participants will have limited technical knowledge of the Federal requirements in each module, the primary teaching format is that of trainer presentations of curriculum materials, followed by question-and-answer sessions with participants, and/or exercises to test the participants' grasp of the material. Two alternatives to this model might include:

For subrecipients with greater understanding of the materials:

- Begin modules with simulations or diagnostic exercises to assess participants' knowledge and focus discussions on a more limited range of topics.

- Develop and present case studies highlighting known weaknesses, allowing participants to develop and present solutions.

- Invite HUD field office staff to present explanations of any emerging issues or changing regulations affecting subrecipient monitoring and administrative systems.

- Conduct a series of evening seminars addressing specific topics.

For subrecipients just starting out:

- Establish a *technical assistance model* aimed at a structured evaluation of systems and procedures necessary to meet Federal requirements in each of the primary areas, followed by identification of steps to be taken by the subrecipients in developing those systems and procedures (with only one or two subrecipients at a time).

- Use the subrecipient handbook as a *self-administered instructional text* prior to in-depth technical assistance provided around specific topic areas; then build a step-by-step listing of specific actions to be taken by the agency, and a schedule for the completion of each step.

Grantees should feel free to adapt various combinations of these training models to their own situation and to the specific needs of their subrecipients. ***In all cases, an interactive discussion model is preferred over a pure lecture format.***

As shown in the agenda below, for the full training model, the training sessions last from 9:00 a.m. to 4:30 p.m., with participants on their own for lunch. Sessions could be adapted to as few as 12–15 participants and expanded for large audiences of up to 120. For most of the modules, the lecture portion of the training should not exceed 45 minutes, with the balance of time devoted to applying the principles to the specific situations of the subrecipients.

Participants should be given a copy of the handbook Playing by the Rules at registration (or even before coming to the training) and should be requested to prepare the next day's exercises using the handbook.

Grantees should encourage individual trainers to employ their own insights, local government experience, and training styles to communicate the basic lessons of each module. Specific instances showing the importance of a particular regulation are usually more useful in conveying technical or regulatory information. To the extent feasible, participants should be given the opportunity to raise their own issues for consideration by the trainers or the group as a whole in a problem-solving scenario. The trainers themselves should be prepared to adapt the lecture and discussion portions of the training to the experiences of the participants.

1.4   Use of the Subrecipient Handbook <u>Playing by the Rules</u>

<u>Playing by the Rules</u> presents the core curriculum for the grantee's training of subrecipients in administrative systems and requirements. The primary training elements of the course are geared toward the senior staff of local CDBG subrecipients.

There are three ways in which <u>Playing by the Rules</u> can be used in the training:

- It can be given out to subrecipients prior to the training *as required course materials* to be read prior to attending the sessions.

- It can be treated as a *reference text* to be used by participants to solve problems presented during the training sessions.

- It can be used between the first and second day as a take-home reading assignment in preparing for the next day's exercises.

Apart from its use during training, the handbook is designed both as a self-instructional guide for new subrecipients and as a reference text to be kept available for resolving particular administrative issues that may be encountered by the subrecipient.

1.5   Use of Trainer Presentation Outlines

For each of the eight training modules, Chapter 3.0 of this guide provides an outline of the key points to be presented to training participants. These notes have been developed from the basic text of the handbook to facilitate presentation of curriculum materials. They may be used to develop *acetate overlays* for overhead projectors or slides. They may also be used *as handouts for participants* summarizing key points to be emphasized in the training.

These materials should NOT be presented as replacements for, or interpretations of, the regulations themselves, but only as complementary to the regulations.

In addition to these outlines, grantees should develop and adapt other materials they feel are appropriate to the needs of their subrecipients or remove materials they feel are inappropriate to the goals and objectives of the training.

1.6   Participant Exercises

The participant exercises presented in Chapter 4.0 of this training guide replicate the questions and answers presented at the back of each chapter of <u>Playing by the Rules</u>. They are presented here as additional instructional materials that trainers may find useful to offer participants as a way to:

- Check their understanding of the materials discussed in the module.

- Stimulate discussion around key points presented earlier by the trainer.

Alternatively, for more advanced audiences, trainers may want to use these questions (without answers) to gauge the level of understanding of *participants before the trainer's presentation* so that trainers can gear the level of their presentation to the capabilities and needs of the audience.